CORPORATE SUPPORT OF EDUCATION 1985

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Council for Financial Aid to Education, Inc.
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About the Council

The Council is a tax-exempt, not-for-profit corporation which carries out a program of consulting, research, publication and advertising designed to stimulate increased and more effective private-sector support of education. It was founded in 1952 as an instrument of the business community by Frank W. Abrams, chairman of Exxon Corporation; Alfred P. Sloan, Jr., chairman of General Motors Corporation; and Irving S. Olds, chairman of U.S. Steel Corporation.

The Council provides consulting services to all comers at no charge, and its staff officers call upon hundreds of corporations each year to discuss the business community's stake in education and to offer assistance in structuring effective programs of support.

The Council conducts research in the field of charitable contributions and reports annually on voluntary support received from all sources by colleges, universities and independent schools. And with the Conference Board, the Council reports year to year on corporate contributions to education. These and other Council research studies provide the definitive data in the field.

The Council organizes seminars and workshops that bring business executives together to share their experience in support of education and other nonprofit enterprises.

The Council publishes "how-to" manuals and newsletters on specific aspects of corporate support of education and corporate education policies.

The Council sponsors through the Advertising Council a national public-service advertising campaign in support of all educational institutions. For nearly 30 years, "Give to the college of your choice" has been a familiar slogan throughout the nation in print, broadcast and transit media.

The Council is supported by annual contributions from some 350 leading corporations . . . **governed** by a distinguished board of senior executives of major corporations and college and university presidents . . . and **staffed** by men and women, primarily from the business world, with extensive professional and volunteer experience in college administration and fund raising, foundation management and public affairs.

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This report is based on data from the Annual Survey of Corporate Contributions, cosponsored by The Conference Board and the Council for Financial Aid to Education.

Additional copies, $12.00 prepaid

Corporate Support of Education 1985

Highlights

National estimates

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Corporate support of education rose 10.3 percent in 1985 to an estimated $1.875 billion

Education claimed the largest share—42.6 percent—of total corporate contributions

Total corporate contributions rose 10.0 percent to an estimated $4.4 billion

Survey results from 439 companies

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Gifts of company products, other property, made up one fifth of reported contributions

More than half of product gifts went to education

Company foundations paid out more in grants than their corporate parents contributed to them, but shortfalls were covered by earnings on foundation assets

167 manufacturing companies reporting in both 1984 and 1985 increased their education support by 6.5 percent, though income fell by 10.8 percent

For 177 nonmanufacturing companies reporting in both years, contributions to education fell by 9 percent while income rose by 5 percent

82 percent of all corporate education support in 1985 came from the manufacturing companies

The top 25 donors in the manufacturing and the nonmanufacturing sectors provided nearly two thirds of all education support reported in their categories

Appendix

Introduction

This 1985 survey of corporate contributions to education, the 12th in a series which we cosponsor with the Conference Board, reaffirms the business community's commitment to the nation's schools, colleges and universities.

The survey records another year of healthy increase in contributions to education. A better than 10 percent rise in the face of a decline in profits is impressive even though less than the 16 percent increase recorded in 1984. Indeed, with profits in 1985 below their 1979 peak, education support was twice the 1979 level.

As you will see in the report that follows, company foundations played an important role in maintaining business giving. For the fifth year in a row, the foundations paid out more in grants than their corporate parents contributed to them. The survey also found that one fifth of the contributions of the 439 reporting companies came in the form of company products and other property rather than cash.

These factors, among others, contributed materially to last year's increase. But they cannot be counted on indefinitely. We are concerned that the growth in corporate support of education is slowing. In fact, it is possible that it may even have reached a plateau.

Major corporate donors—most of them represented in this survey—indicate that there has been little or no growth in giving in 1986, and some say they will be cutting back in 1987. The top 25 donors in both the manufacturing and nonmanufacturing sectors—listed in two new tables on page 16—provided nearly two thirds of the total education support reported in the survey; any cuts they make will be felt across the system.

Note also that, while the nonmanufacturing respondents enjoyed a rise in profits, they gave less to education in 1985. That contrasts with manufacturing companies, whose giving rose despite a fall in profits. Because the service sector of the national economy is expanding and the manufacturing sector is shrinking, this paradox is worrisome. Perhaps it is temporary. But at the least, it suggests that the service companies should take a careful look at their education-support policies.

All companies—large and small, manufacturers and service providers—must participate in support of our educational enterprise to the extent their resources allow. The nation is caught up in a massive effort to upgrade the quality of its teaching and to make its education system—from kindergarten through graduate school—more responsive to new conditions and changing student bodies. Many of our educational facilities and laboratories must be renewed and modernized. The private sector, corporations as well as individuals, has a continuing critical role in this process.

The Council extends its appreciation to our colleagues at the Conference Board and to the executives of the participating companies, whose responses to our questionnaire made this survey possible.

John R. Haire
President

December 1986

Table I
National Trends in Corporate Pretax Net Income and Contributions

Year	Corporate Pretax Net Income* (billions of dollars)	Corporate Contributions (millions of dollars) Total**	Education***	Contributions as a Percentage of Corporate Pretax Net Income Total	Education	Educational Support as a Percentage of Total Contributions
1970	75.4	797	320	1.06	0.42	40.2
1971	86.6	865	345	1.00	0.40	39.9
1972	100.6	1,009	365	1.00	0.36	36.2
1973	125.6	1,174	410	0.93	0.33	34.9
1974	136.7	1,200	445	0.88	0.33	37.1
1975	132.1	1,202	450	0.91	0.34	37.4
1976	166.3	1,487	560	0.89	0.34	37.7
1977	200.4r	1,791	665	0.89r	0.33r	37.1
1978	233.5r	2,084	780	0.89r	0.33r	37.4
1979	257.2r	2,288	880	0.89r	0.34r	38.5
1980	237.1r	2,359	980	.99r	0.41r	41.5
1981	226.5r	2,514	1,090	1.11r	0.48r	43.4
1982	169.6r	2,906	1,250r	1.71r	0.74r	43.0r
1983	207.6r	3,627r	1,525r	1.74r	0.73r	42.0r
1984	235.7	4,000***r	1,700r	1.70r	0.72r	42.5r
1985	223.2	4,400***	1,875	1.97	0.84	42.6

*U.S. Department of Commerce
**Internal Revenue Service
***CFAE estimate
r Revised

Note: The figures for total corporate contributions and corporate contributions to education are not completely comparable. The former is an IRS figure that *includes* company grants to their own sponsored foundations and *excludes* the gifts and grants made by these foundations. As a consequence, they understate the consolidated total of corporate and corporate-foundation contributions for the period after 1979 and other years in which foundation giving is larger than company grants to their foundations (see Table VI). The figures for corporate contributions to education, on the other hand, are CFAE estimates that include the grants made by both corporations and corporate foundations. As a result the large changes in educational support as a percentage of total contributions are heavily influenced by this lack of comparability.

Part I. National Trends in Corporate Support of Education

Corporate support of education rose to an estimated $1.875 billion in 1985, an increase of 10.3 percent over the revised estimate of $1.700 billion for 1984. This increase of $175 million occurred despite a 5.3 percent decline in pretax net income (PTNI) to the second-lowest level since profits peaked in 1979. The share of corporate pretax net income given in support of education, 0.84 percent, is the highest since 1950, the first year for which there is an estimate.

Total corporate contributions exhibit a similar pattern. They rose by $400 million, 10 percent above 1984, to reach an estimated $4.4 billion. Again, because of the decline in profits, the 1.97 percent of PTNI represented by corporate gifts is the highest level on record.

During the 15-year span covered in **Table I,** there have been three periods when pretax net income declined—1974-75, 1979-82 and 1984-85. In 1975, gifts to all causes and to education both remained at about the same level as in the previous year despite the profit decline. For the other two periods the situation is dramatically different. Both total contributions and support of education have grown in the face of diminishing or stagnant profits. Profits in 1985 were 13.2 percent below their 1979 peak of $257.2 billion, yet both total and education contributions were approximately twice their 1979 levels.

In constant dollars, profits have fallen by 42 percent since 1978, while over the same period contributions to all causes and to education have increased by 28 percent and 46 percent respectively, again in constant dollars. This suggests that the corporate commitment to charitable contributions generally, and to education in particular, remains very strong despite the profit setbacks.

The ability of corporate contributions programs to expand during periods of profit decline has been due in large part to the existence of corporate foundations. They are the buffer against changes in corporate fortunes. When parent companies reduce their contributions during periods of stagnant profits, the foundations maintain and even increase their grants by using earnings on their assets, by drawing down assets or by a combination of the two. In periods of high profits, on the other hand, corporations pay into their foundations more than the foundations pay out and thus rebuild foundation assets.

Another factor enabling corporations to maintain their levels of giving in years of soft earnings stems from the growing significance of gifts of company products and property to corporate support programs. For the third year in a row, following the Economic Recovery Tax Act of 1981, there have been relatively large increases in donations of company products to educational institutions for research or training in research. Gifts of inventory are especially attractive to corporations in recession periods. They lower the value of inventory, provide a tax deduction and do not act as a drain on cash.

The total contributions reported in Table I are those reported to the Internal Revenue Service (IRS) on corporate income tax returns. The figures include transfer payments from the corporations to their foundations but do not include contributions made by the foundations. Since 1980, payments into the largest foundations have been less than the grants made by these foundations, a common occurrence when profits decline (see Table VI, p. 8 for the figures reported in 1980-85). The figures reported to the IRS thus understate the actual flow of corporate dollars to philanthropic causes between 1980 and 1985.

CFAE's estimates of education support, on the other hand, include the gifts and grants made *by* the foundations but exclude company payments *to* them. This provides a more accurate estimate of corporate monies actually received by the donees than do the government figures.

Effect of Inflation

During the last 15 years inflation has accounted for much of the growth in both total corporate contributions and in education's share of these grants. The average annual growth rates for the Consumer Price Index (CPI), as well as for pretax net income and corporate contributions —both total and to education— between 1970 and 1985 are shown below.

Average Annual Growth Rates

			Corporate Contributions	
	CPI	PTNI	Total	Education
1970-75	6.7%	11.9%	8.6%	7.1%
1975-80	8.9	12.4	14.4	16.8
1980-85	5.5	-1.2	13.3	13.9
1970-85	7.0	7.5	12.1	12.5

Although the average annual increase in the CPI, the most commonly used measure of inflation, was 7.0 percent from 1970 to 1985, individual yearly figures ranged from 3.2 to 13.5 percent. The effect of inflation on corporate contributions is shown graphically in **Chart I.** When adjusted for changes in the CPI, the 12.5 percent annual rate of increase in current dollars for corporate support of education since 1970 translates into 5.1 percent in constant dollars, still a most respectable gain.

The Importance of Corporate Support to Higher Education

The $1.875 billion estimate for corporate support of education in 1985 is a measure of all corporate charitable contributions to education. Approximately 70 to 75 percent of this total is support of colleges and universities, with the remaining 25 to 30 percent accounted for by support of individual students, precollege education, economic education and other education-related organizations.

Chart 1
Estimated Corporate Contributions to Education, 1970-1985 (millions of dollars)

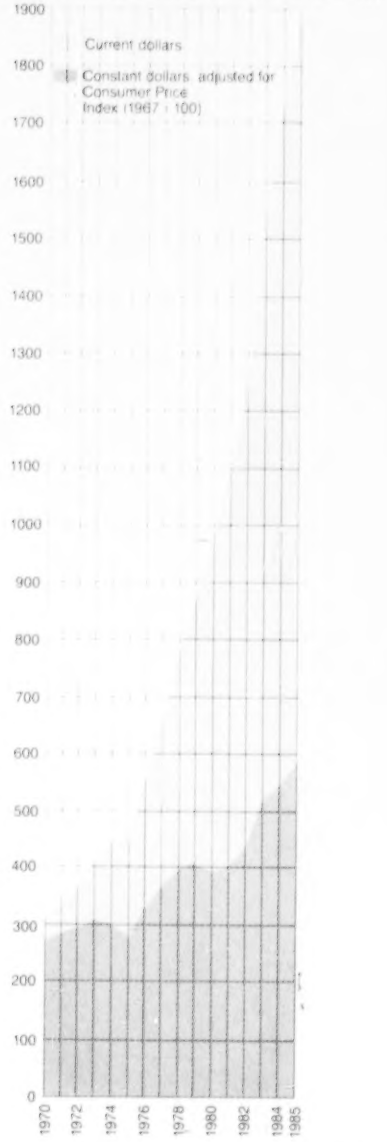

Table II
Corporate Support of Colleges and Universities in Relation to Total Voluntary Support and Institutional Expenditures

Year	Total Expenditures of Institutions of Higher Education* (billions of dollars)	Voluntary Support of Institutions of Higher Education** (millions of dollars)		Voluntary Support as a Percentage of Institutional Expenditures		Corporate Support as a Percentage of Total Voluntary Support
		Total	Corporate	Total	Corporate	
1970-71	26.9	1,860	259	6.9	1.0	13.9
1971-72	29.1	2,020	275	6.9	0.9	13.6
1972-73	31.3	2,240	318	7.1	1.0	14.2
1973-74	34.2	2,240	354	6.5	1.0	15.8
1974-75	38.9	2,160	357	5.6	0.9	16.5
1975-76	42.6	2,410	379	5.6	0.9	15.7
1976-77	46.1	2,670	446	5.8	1.0	16.7
1977-78	49.4	3,040	508	6.1	1.0	16.7
1978-79	54.1	3,230	556	6.0	1.0	17.2
1979-80	62.5	3,800	696	6.1	1.1	18.3
1980-81	70.5	4,230	778	6.0	1.1	18.4
1981-82	77.3	4,860	976	6.3	1.3	20.1
1982-83	83.3	5,160	1,112	6.2	1.3	21.5
1983-84	90.1	5,600	1,271	6.2	1.4	22.7
1984-85	95.5	6,320	1,574	6.6	1.6	24.9
1985-86p.	102.6	7,000	1,650	6.8	1.6	23.6

*U.S. Department of Education.
**Estimates by CFAE from Surveys of Voluntary Support of Education.
p Preliminary

Table II focuses on corporate giving to colleges and universities in relation to total voluntary support of higher education and to institutional expenditures.

For the past 15 years, corporate support of higher education has risen steadily. Since 1970, corporate gifts to higher education have grown by an average 13.1 percent a year, well above the average annual increase in the Consumer Price Index of 7.0 percent over the same period. Since total private gifts did not expand as fast as corporate contributions, corporate support has provided an increasing share of the pie.

At the present time, corporate gifts account for approximately 24 percent of all voluntary support received by the colleges and universities. Indeed, during the academic year 1984-85, the business community provided more support than any of the traditional donor categories—alumni, other individuals, foundations, religious and other organizations.

The estimates shown in Table II derive from reports from the colleges to the Council's annual survey of all voluntary support of education.* The survey of voluntary support of education differs from the corporate survey in several significant ways. For example, the data are generated by the *donee* institutions rather than by the *donor* corporations; and the study covers the July 1 through June 30 period rather than the calendar year because the academic and fiscal years of most institutions coincide.

Respondents to the two surveys give different values to certain in-kind gifts which provided a significant portion of the big rise in corporate support in 1984-85. The donee colleges report such gifts—primarily company products—at fair market value, while the corporations report them at close to production cost, a much lower figure. The difference between the two valuations—perhaps some $200 million—tends to inflate the college statistics.

Whatever the differences between campus-based and company-based surveys, there are suggestions from

* *Voluntary Support of Education* is published annually by the Council and is an essential reference for the education community. An increasing number of corporate and foundation donors also look to it for guidance in making decisions with respect to education support. The 1984-85 survey is available from the Council for $25 prepaid; the 1985-86 survey will be off the press in late spring 1987.

both that the rapid growth of corporate support is slowing. Preliminary data from the colleges for 1985-86 suggest another increase in company gifts, but it appears smaller than in the past. As for calendar year 1986, a representative group of corporate donors checked by the Council at midyear predicted no change in 1986 over 1985. The corporations reporting in this survey, however, estimated their total giving for all of 1986 would be down an average 2.5 percent compared to 1985.

This is not good news for the higher education institutions. For the past ten years, gifts to education —total and corporate—have risen faster than institutional spending, and thus have provided an increased share of support for college budgets. For the past five years, education costs have grown at 3 percent above inflation and are expected to increase faster than the consumer price index for the remainder of the decade. If voluntary support slows, the financial pressures on the institutions will increase.

These pressures are already considerable, a legacy in part from the 1970s. Inflation—especially surging energy costs—hit the colleges hard. As a result, maintenance of the education plant and upgrading of research facilities were deferred, and faculty and staff salaries did not keep pace with the cost of living.

Education is highly labor-intensive, and faculty compensation constitutes by far the largest share of institutional expense. (The fact that a large part of the faculty consists of older persons, tenured with average salaries at the upper end of their ranges, adds to the problem.) The need to restore to the teaching profession some of the real income lost since the mid-1970s will require faculty salary increases at least 1 percent above the rate of inflation for several more years.

It is estimated that one half of higher education's physical plant is more than 25 years old; one quarter of it was built before World War II. On average, university research equipment is twice as old as comparable equipment in industry. Renewing and replacing the higher education infrastructure could cost between $30 billion and $40 billion.

Demographic change also is creating new financial problems for education. The decline in the size of the traditional college-going age group, and the fact that a larger proportion of the group comes from low-income households, make it harder for institutions to generate additional revenue from tuition. Federal student aid programs have lagged rising costs, and as a consequence institutions are forced to divert more of their own resources to provide a greater share of the financial aid packages.

Finally, the nation's colleges and universities are under increasing pressure to upgrade the quality of undergraduate education and to adapt to the needs of a changing work force. The type of work performed in the U.S. has changed dramatically; new kinds of education programs are needed to keep pace with new job requirements and to assist adult workers with retraining. All this means additional investment in equipment, curriculum development and faculty.

Corporate contributions are important now, and will become even more so, in helping the colleges and universities deal with these challenges.

Table III
Percentage Distribution of Corporate Contributions

	1984 (415)	1985 (436)
Education	38.9%	38.3%
Health and Human Services	27.7	29.2
Culture and Art	10.7	11.1
Civic Activities	18.8	16.5
Other	3.9	4.9
	100.0%	100.0%

(Numbers in parentheses show the number of companies reporting.)

Part II. The Survey Results

The 1985 Annual Survey of Corporate Contributions, conducted jointly by the Council for Financial Aid to Education and the Conference Board, reports on the charitable giving of the largest U.S. corporations with contributions programs.

The 439 companies participating in this survey reported contributions of $1.71 billion in 1985, a 17.5 percent increase over the amount reported in 1984 by 422 companies. Support of education in this period rose 15.7 percent, from $561.7 million in 1984 to $650 million in 1985.

Profile of Survey Respondents

Survey participants were almost evenly split between the manufacturing and nonmanufacturing sectors —225 manufacturing companies and 214 nonmanufacturing. A questionnaire was mailed to the *Fortune* 1,000 manufacturing companies, the *Fortune* 50 or 100 companies of each of the nonmanufacturing industry groups and other companies with contributions budgets of $100,000 or more.

While these companies represent a very small part of the corporate universe, their contributions constitute a very large share of total corporate giving nationwide. Research by CFAE has found that the largest corporations with substantial contributions budgets provide well over half of all corporate support. The most recent study of federal corporate income tax filings found that corporations reporting gifts of $100,000 or more, although less than 1 percent of all corporations, account for 65 percent of corporate giving. Among this year's respondents, only 9 companies, or 2 percent of the sample, had contributions budgets less than $100,000, while 56 percent made contributions in excess of $1 million. In addition, 75 percent of the companies reported worldwide assets of more than $1 billion.

Analysis of survey responses takes two forms: a look at contributions patterns and relationships over time; and comparisons of the participants by various groupings such as industry, company size and metropolitan area.

Where the Corporate Contributions Dollar Goes

Table III shows that the largest share of corporate contributions goes to education. Between 35 to 41 percent of total corporate contributions has flowed to education since this joint survey was begun in 1974. Approximately 70 percent of every education dollar goes to colleges and universities.*

In 1985, the steady decline in the proportion of corporate gifts flowing to health and human-service organizations stopped and these gifts increased for the first time in ten years to 29.2 percent. In 1975, these causes received 42.1 percent of every contributions dollar; over the next nine years, their proportion of total corporate giving decreased by 1 to 2 percent each year.

Company-Product Gifts Continue Growing

Survey results confirm the growing importance of noncash contributions to corporate philanthropy. Over one fifth of total contributions in 1985 took the form of company products and surplus property (**Table IV**).

*Education support includes donations to institutions of higher education, elementary and secondary schools, state and local educational fund-raising groups, individual scholarships, economic education groups and other education-related organizations. Program support for research projects funded from the contributions budget is included, while support of contractual research is excluded. Educational programs such as employee tuition-refund programs are excluded when funded out of the personnel, public relations or other expense budgets.

Gifts of company products alone showed an increase of 29 percent. This growth did not come at the expense of cash contributions, which increased by 18.8 percent. The survey has collected information on product and property gifts since 1982, following the Economic Recovery Tax Act of 1981 which provided enhanced deductions for inventory items given for research training and research in science/engineering at institutions of higher education. The $190.3 million in product donations in 1985 was almost twice the amount reported in 1982.

Product and property gifts are an especially important component of education-support programs. Company products account for 16 percent of all giving to education; property 3 percent. Education causes received 53 percent of total product gifts and 13 percent of all property gifts reported by survey respondents. **Table V** shows that manufacturers of electrical machinery, a category that includes computers, made by far the largest product donations.

The size of company-product gifts varied widely among respondents. The largest amount given in products to education by a single company was $21.1 million; the smallest was $337. The mean amount was $3.1 million, but the median was $115,341, indicating that many companies made relatively small product donations. These amounts were those reported for income tax purposes as charitable deductions and

Table IV
Company Gifts by Type
(millions of dollars)

	1984		1985	
	Amount	% of Total	Amount	% of Total
Cash	$1,119.07 (405)	77.8	$1,330.50 (427)	79.5
Securities	14.09 (12)	1.0	7.43 (11)	0.4
Company Products	147.37 (74)	10.2	190.30 (80)	11.4
Other Property	157.41 (79)	11.0	144.84 (80)	8.7
Total	$1,437.94 (405)	100.0	$1,673.07 (427)	100.0

(Numbers in parentheses show the number of companies reporting.)

Table V
Gifts of Company Products, by Industry
(thousands of dollars)

	1984				1985			
	Total	% of Total	Education	Ed. as % of Total	Total	% of Total	Education	Ed. as % of Total
Electrical Machinery	$43,201	29.3	$37,261 (12)	86.3	$94,666	49.8	$74,411 (12)	78.6
Pharmaceuticals and Chemicals	35,232	23.9	5,058 (1)	14.4	54,137	28.4	7,459 (7)	13.8
Telecommunications	33,346	22.6	33,346 (1)	100.0	8,471	4.4	7,471 (1)	88.2
Transportation Equipment	13,934	9.5	13,816 (2)	99.2	11,753	6.2	11,484 (3)	97.7
All Others	21,664	14.7	1,548 (14)	7.1	21,272	11.2	309 (11)	1.4
Total	$147,377	100.0	$91,029 (30)	61.8	$190,299	100.0	$101,134 (34)	53.1

(Numbers in parentheses show the number of companies reporting.)

Table VI
Structure of Corporate Contributions
(millions of dollars)

	1980	1981	1982	1983	1984	1985
Total Company Gifts	$ 944.7	$1,039.1	$1,116.8	$1,250.7	$1,448.9	$1,666.5
	(709)	(768)	(519)	(484)	(404)	(423)
Less: Gifts to Company Foundations	381.4	361.6	367.1	435.7	562.2	614.0
	(249)	(239)	(186)	(159)	(157)	(182)
Direct Company Gifts to Others	563.3	677.5	749.7	815.0	886.7	1,052.5
	(661)	(735)	(494)	(461)	(388)	(395)
Plus: Company Foundation Gifts	431.3	493.3	531.9	553.0	569.2	658.4
	(353)	(359)	(286)	(270)	(230)	(256)
Total Corporate Contributions	$994.6	$1,170.8	$1,281.6	$1,368.0	$1,455.9	$1,710.9
	(732)	(789)	(534)	(503)	(422)	(439)
Difference Between Foundation Receipts and Foundation Gifts	−$49.9	−$131.7	−$164.8	−$117.3	−$ 7.0	−$44.4
Cumulative Change from 1974	+112.4	− 19.3	− 184.1	− 301.4	−308.4	−352.8
Number of Companies with Foundations	376	389	297	283	243	269

(Numbers in parentheses show the number of companies reporting.)

Table VII
Percentage of Reporting Companies with Corporate Foundations, by Industry, 1985

Industry	Percentage
MANUFACTURING	
Transportation Equipment (14)	93.3
Primary Metals (13)	86.7
Stone, Clay & Glass (6)	85.7
Fabricated Metals (8)	80.0
Machinery (15)	78.9
Paper & Allied Products (11)	78.6
Pharmaceuticals (10)	76.9
Food, Beverage & Tobacco (18)	75.0
Rubber (3)	75.0
Electrical Machinery (24)	72.7
Chemicals (19)	70.4
Textiles & Apparel (2)	66.7
Petroleum & Gas (14)	63.6
Printing & Publishing (6)	60.0
Mining (1)	33.3
All Manufacturing (164)	74.9
NONMANUFACTURING	
Engineering & Construction (2)	66.7
Insurance (28)	65.1
Banks (39)	63.9
Telecommunications (7)	63.6
Finance (3)	60.0
Business Services (4)	50.0
Merchandising (8)	44.4
Utilities (13)	25.5
Transportation (1)	14.3
All Nonmanufacturing (105)	50.7
ALL COMPANIES (269)	63.1

(Numbers in parentheses show the number of foundations.)

may differ significantly from the values shown by recipients, which usually report list price, a higher figure.

Many companies also donate excess company products and other used property without taking the charitable deduction. In 1985, 90 companies gave $55.6 million worth of products and property over and above the amounts reported as charitable deductions.

Most property and product gifts were made directly from corporations. Gifts from company-sponsored foundations were almost exclusively cash.

The Role of Foundations

Tables VI through **IX** detail the importance of company-sponsored foundations to corporate contributions programs. When corporate philanthropy is disbursed solely from corporate funds it tends to rise and fall with corporate profits over the course of a business cycle. By funding their foundations in years of high profits, corporations set aside reserves of money to be used in years of poor profits. In effect, they insulate recipients from the ups and downs of the business cycle.

In 1985, 269 companies, or 61 percent of the survey respondents, reported having company-sponsored foundations. Close to two fifths of total contributions came in the form of foundation gifts. Ten years ago, only 42 percent of the survey participants reported having company-sponsored foundations.

Table VI presents the consolidated

contributions of corporations and their foundations over the last six years, deducting the funds turned over by parent companies to their foundations. In each of these years, foundation contributions exceeded receipts from parent companies, a common occurrence in years of lackluster profits. In 1985, the gap between gifts made by corporate foundations and the funds they received from their sponsoring companies was $44 million. Note that about one third of the companies with foundations (87 cases) made no payments into their foundations in 1985.

Grants to foundations from their parent companies are only one index of the foundations' grant-making capability. Also important are the earnings on the foundations' accumulated assets. Table VIII summarizes, by industry, the degree to which investment income serves as a source of funds in situations in which the sponsoring companies pay in less than their foundations pay out as charitable gifts. Note that three industry groups drew on foundation assets to cover grants.

Not all of the respondents were able to give complete data about foundation earnings and assets; the number in each industry therefore varies from table to table. The important conclusion from this sample is that foundation earnings make it possible to increase contributions above the corporations' payments and can add to foundation assets for use in future years.

Table VIII
Foundation Cash Flow, by Industry, 1985

Industry	Payments into Foundations	Earnings	Grants Made by Foundations	Net Change
MANUFACTURING				
Chemicals(14)	$ 30,029,554	$ 6,146,752	$ 33,087,280	+ $ 3,089,026
Electrical Machinery(14)	42,915,500	17,591,956	52,007,178	+ 8,500,278
Fabricated Metals(5)	6,100,000	1,008,454	6,036,985	+ 1,071,469
Food, Beverage & Tobacco(10)	19,626,818	26,314,709	24,685,040	+ 21,256,487
Machinery(11)	10,709,530	1,314,790	10,642,226	+ 1,382,094
Paper & Allied Products(4)	3,528,475	1,176,078	3,598,272	+ 1,106,281
Petroleum & Gas(7)	93,847,535	36,449,959	126,977,917	+ 3,319,577
Pharmaceuticals(7)	23,475,000	1,962,214	20,984,240	+ 4,452,974
Primary Metals(6)	2,554,971	540,272	2,657,774	+ 437,469
Printing & Publishing(4)	4,936,081	243,656	5,066,785	+ 112,952
Rubber(2)	520,000	1,389,692	1,412,153	+ 497,539
Stone, Clay & Glass(2)	2,203,772	699,491	2,058,878	+ 844,385
Textiles & Apparel(1)	400,000	25,105	622,604	– 197,499
Transportation Equipment(8)	100,171,023	43,051,116	47,265,858	+ 95,956,281
Total(95)	$341,018,259	$137,914,244	$337,103,190	+ $141,829,313
NONMANUFACTURING				
Banks(17)	$ 20,488,327	$ 4,237,895	$ 26,597,092	– $ 1,870,870
Business Services(2)	28,017,500	409,822	1,895,436	+ 26,531,886
Finance(3)	1,543,216	1,026,969	1,770,438	+ 799,747
Insurance(12)	55,473,181	13,203,408	30,926,684	+ 37,749,905
Merchandising(3)	15,743,000	1,676,692	19,635,638	– 2,215,946
Telecommunications(5)	64,428,873	8,469,412	25,608,242	+ 47,290,043
Utilities(9)	15,354,794	2,962,510	12,350,409	+ 5,966,895
Total(51)	$201,048,891	$ 31,986,708	$118,783,939	+ $114,251,660
GRAND TOTAL(146)	$542,067,150	$169,900,952	$455,887,129	+ $256,080,973

(Numbers in parentheses show the number of companies reporting.)

Table IX
Changes in Market Value of Corporate Foundation Assets, by Industry, 1985

	Assets as of 12/31/84	Assets* as of 12/31/85	Net Change in Assets*	% Change
MANUFACTURING				
Chemicals(18)	$ 72,391,069	$ 75,513,733	+ $ 3,122,664	+ 4.3
Electrical Machinery(22)	195,340,023	207,358,608	+ 12,018,585	+ 6.2
Fabricated Metals(7)	20,819,436	23,064,409	+ 2,244,973	+ 10.8
Food, Beverage & Tobacco(11)	53,479,937	58,087,420	+ 4,607,483	+ 8.6
Machinery(15)	41,734,470	44,163,106	+ 2,428,636	+ 5.8
Mining(1)	10,887,949	12,346,482	+ 1,458,533	+ 13.4
Paper & Allied Products(9)	57,521,579	65,970,454	+ 8,448,875	+ 14.7
Petroleum & Gas(11)	284,518,904	283,359,607	− 1,159,297	− 0.4
Pharmaceuticals(9)	44,412,774	49,967,961	+ 5,555,187	+ 12.5
Primary Metals(12)	195,363,611	215,859,363	+ 20,495,752	+ 10.4
Printing & Publishing(4)	3,572,624	4,415,433	+ 842,809	+ 23.6
Rubber(3)	18,065,629	23,698,434	+ 5,632,805	+ 31.2
Stone, Clay & Glass(3)	5,227,981	6,012,176	+ 784,195	+ 15.0
Textiles & Apparel(2)	11,151,172	11,542,284	+ 391,112	+ 3.5
Transportation Equipment(13)	274,079,306	406,740,224	+ 132,660,918	+ 48.4
Total(140)	$1,288,566,464	$1,488,099,694	+ $ 199,533,230	+ 15.4
NONMANUFACTURING				
Banks(33)	$ 81,115,415	$ 80,957,929	− $ 157,486	− 0.2
Business Services(3)	4,777,466	31,559,139	+ 26,781,673	+ 560.6
Engineering & Construction(1)	862,544	652,159	− 210,385	− 24.4
Finance(3)	8,029,191	11,464,332	+ 3,435,141	+ 42.8
Insurance(22)	220,255,441	267,818,802	+ 47,563,361	+ 21.6
Merchandising(6)	23,493,391	25,616,467	+ 2,123,076	+ 9.0
Telecommunications(5)	137,528,604	220,211,174	+ 82,682,570	+ 60.1
Utilities(8)	31,026,801	32,509,507	+ 1,482,706	+ 4.8
Total(81)	$ 507,088,853	$ 670,789,509	+ $ 163,700,656	+ 32.3
GRAND TOTAL(221)	$1,795,655,317	$2,158,889,203	+ $ 363,233,886	+ 20.2

(Numbers in parentheses show the number of companies reporting.)

*Some of the companies reported face value of bonds, which did not change during the year. Since some foundations were not established until 1985, changes in their asset values are not reported in this table, and the net change in these values will therefore differ from those reported in Table VIII.

Another measure of the value of foundations is the size of their assets. Table IX shows the changes in assets for foundations in 1985, by industry. This table reflects changes in market value of foundation assets as well as changes affected by cash flow. The 221 companies providing information reported an increase in assets of $363.2 million in 1985. The $2.2 billion in assets provides a large cushion for the giving programs of these companies.

Contributions, PTNI and Assets

The relationships between contributions and two financial measures—pretax net income and assets—are shown in **Table X** for companies reporting financial data on a worldwide basis and for those reporting on United States operations only. Between 1984 and 1985, the ratios of total giving and education giving to pretax net income increased for both worldwide and U.S.-only operations. Contributions increased more than profits. On the other hand, there was a decline in the ratio of contributions and education support to assets, owing to the fact that assets increased more than either measure of contributions. As a share of total contributions in both groups, education support continued to account for approximately 38 percent in 1985.

Since the number of companies responding to the survey varies from year to year, the significance of changes is best judged by examining the 344 "core" companies that reported in both years (see **Table XI**).

Table X
Total Contributions and Support of Education in Relation to Worldwide and U.S.-Only Pretax Net Income and Assets (000 omitted)

Worldwide	1980 659 companies	1981 712 companies	1982 513 companies	1983 471 companies	1984 392 companies	1985 409 companies
Total Contributions	$ 959,249	$ 1,116,261	$ 1,255,464	$ 1,329,633	$ 1,423,855	$ 1,636,412
Support of Education	362,494	407,270	511,725	518,713	553,517	626,794
Pretax Net Income	164,735,000	165,277,000	134,746,000	152,832,000	147,716,000	159,974,004
Assets	2,642,819,000	2,959,364,000	2,921,421,000	2,852,949,000	2,593,032,000	3,260,887,200
Total Contributions as % of:						
Pretax Net Income	0.582	0.675	0.932	0.870	0.964	1.023
Assets	0.036	0.038	0.043	0.047	0.055	0.050
Support of Education as % of:						
Pretax Net Income	0.220	0.246	0.380	0.339	0.375	0.392
Assets	0.014	0.014	0.018	0.018	0.021	0.019
Support of Education as % of Total Contributions	37.8	36.4	40.8	39.0	38.9	38.3

U.S. Only	477 companies	525 companies	383 companies	368 companies	340 companies	364 companies
Total Contributions	$ 532,260	$ 681,494	$ 918,595	$ 1,011,374	$ 1,168,161	$ 1,361,629
Support of Education	192,482	235,115	358,383	405,969	438,060	511,583
Pretax Net Income	65,963,000	81,833,000	79,334,000	89,035,000	89,013,000	98,461,592
Assets	1,190,370,000	1,552,140,000	1,637,241,000	1,600,112,000	1,540,271,000	2,256,935,806
Total Contributions as % of:						
Pretax Net Income	0.807	0.833	1.158	1.136	1.312	1.383
Assets	0.045	0.044	0.056	0.063	0.076	0.060
Support of Education as % of:						
Pretax Net Income	0.292	0.287	0.452	0.456	0.492	0.520
Assets	0.016	0.015	0.022	0.025	0.028	0.023
Support of Education as % of Total Contributions	36.2	34.5	39.0	40.1	37.5	37.6

Table XI
Support of Education, Two Survey Years (344 Companies Participating in Both Surveys)

Industry	1984 Worldwide Pretax Net Income (millions)	1984 Support of Education Amount (000)	1984 Support of Education % of PTNI	1984 Support of Education % of Total Contributions	1985 Worldwide Pretax Net Income (millions)	1985 Support of Education Amount (000)	1985 Support of Education % of PTNI	1985 Support of Education % of Total Contributions	% Change 1984-1985 Education	% Change 1984-1985 PTNI	% Change 1984-1985 Total Contributions
MANUFACTURING											
Chemicals(26)	$ 12,949	$ 56,336	.435	42.2	$ 8,471	$ 65,680	.775	45.4	+ 16.6	– 34.6	– 8.4
Electrical Machinery(22)	20,922	105,966	.506	54.5	19,484	114,489	.588	51.3	+ 8.0	– 6.9	+ 14.9
Fabricated Metals(8)	495	2,639	.533	39.3	383	2,447	.639	33.0	– 7.3	– 22.6	+ 10.4
Food, Beverage & Tobacco(17)	5,458	13,778	.252	24.6	7,381	26,446	.358	28.7	+ 91.9	+ 35.2	+ 64.1
Machinery(14)	452	9,493	2.100	43.6	941	9,136	.971	35.8	– 3.8	+ 108.1	+ 17.2
Mining(2)	163	1,360	.837	64.4	136	1,057	.777	56.7	– 22.3	– 16.4	– 11.7
Paper & Allied Products(11)	1,458	7,619	.522	43.9	1,466	5,796	.395	35.3	– 23.9	+ 0.5	– 5.3
Petroleum & Gas(20)	38,324	125,779	.328	45.6	32,709	128,116	.392	47.0	+ 1.9	– 14.7	– 1.2
Pharmaceuticals(9)	4,364	19,995	.458	32.4	4,834	17,991	.372	26.6	– 10.0	+ 10.8	+ 9.6
Primary Metals(10)	756	8,053	1.065	47.4	886	8,392	.947	43.0	+ 4.2	+ 17.2	+ 14.9
Printing & Publishing(8)	1,287	4,401	.342	36.2	1,294	5,618	.434	30.3	+ 27.7	+ 0.6	+ 38.6
Rubber(4)	954	2,888	.303	41.4	264	2,240	.850	28.3	– 22.4	– 72.4	+ 13.6
Stone, Clay & Glass(3)	375	1,297	.346	21.8	387	1,304	.337	21.1	+ 0.6	+ 3.3	+ 3.8
Textiles & Apparel(3)	189	1,625	.858	18.2	56	1,856	3.340	51.9	+ 14.2	– 70.7	– 60.0
Transportation Equipment(10)	13,392	49,609	.370	42.9	11,886	46,993	.395	34.3	– 5.3	– 11.2	+ 18.3
Total(167)	$101,537	$410,840	.405	43.9	$ 90,577	$437,562	.483	42.0	+ 6.5	– 10.8	+ 11.4
NONMANUFACTURING											
Banks(49)	$ 4,580	$ 17,554	.383	24.9	$ 6,461	$ 19,405	.300	24.6	+ 10.5	+ 41.1	+ 11.8
Business Services(5)	764	1,820	.238	30.8	790	4,393	.556	50.9	+ 141.4	+ 3.4	+ 46.2
Engineering & Construction(1)	9	106	—	31.7	5	106	1.958	35.4	+ 0.2	—	– 10.2
Finance(5)	925	2,841	.307	41.4	1,443	2,935	.203	35.9	+ 3.3	+ 56.0	+ 19.3
Insurance(39)	2,784*	20,988	.754	16.6	4,187*	21,963	.525	19.2	+ 4.6	+ 50.4	– 9.8
Merchandising(15)	4,214	6,838	.162	12.6	4,366	9,191	.211	14.2	+ 34.4	+ 3.6	+ 18.5
Telecommunications(6)	5,433	49,843	.917	67.5	3,681	29,248	.794	47.2	– 41.3	– 32.2	– 16.0
Transportation(6)	433	682	.157	10.0	342	1,549	.453	20.9	+ 127.1	– 21.0	+ 9.2
Utilities(51)	16,298	12,292	.075	26.0	15,905	13,961	.088	26.8	+ 13.6	– 2.4	+ 10.4
Total(177)	$ 35,422	$112,964	.319	28.8	$ 37,181	$102,752	.276	25.9	– 9.0	+ 5.0	+ 1.0
GRAND TOTAL(344)	$136,960	$523,804	.382	39.4	$127,759	$540,314	.423	37.6	+ 3.2	– 6.7	+ 8.3

(Numbers in parentheses show the number of companies reporting in both surveys.)
*Insurance company figures are based on "net gain from operations after dividends to policyholders and before federal income tax, excluding capital gains and losses"—the closest measure to pretax net income of corporations generally.

Their giving patterns differ from those in the national estimates in degree but not in direction. They confirm the national trends seen earlier in Table I. Overall, pretax net income fell by 6.7 percent while total contributions and education support increased by 8.3 percent and 3.2 percent respectively. These increases were considerably smaller than the 24 percent increases in both total contributions and education gifts reported by the 304 "core" companies in both the 1983 and 1984 surveys.

Segmenting these core companies into manufacturing and nonmanufacturing sectors uncovers some interesting facts. For the manufacturing group, profits fell, yet total contributions and education support rose. In contrast, the 177 nonmanufacturing companies experienced a 5 percent increase in pretax net income, while their total contributions increased by only 1 percent and education support actually declined by 9 percent between 1984 and 1985.

Comparisons by Groupings

Contributions patterns differ by metropolitan area, by size of company and by industry. These patterns are detailed in Tables XII through XIV.

By Metropolitan Area

Companies can be compared geographically as is done in **Table XII.** This table shows education support

Table XII
Support of Education by Major Metropolitan Areas, 1985

Metropolitan Area	Worldwide Pretax Net Income (millions)	Support of Education (000)	Support of Education as % of PTNI		Total Contributions (000)	Support of Education as % of Total Contributions	
			%	Rank		%	Rank
Baltimore(5)	$ -266	$ 1,774	—	—	$ 4,836	36.7	11
Boston(11)	1,783	9,587	.538	4	22,557	42.5	5
Chicago(32)	13,123	39,146	.298	12	106,400	36.8	10
Cincinnati-Dayton(8)	1,882	8,318	.442	5	22,197	37.4	9
Cleveland(6)	1,692	13,416	.793	1	28,358	47.3	3
Dallas-Ft. Worth(9)	1,605	3,904	.243	14	11,434	34.1	12
Detroit(9)	11,834	35,212	.298	12	110,849	31.8	14
Hartford(9)	2,746	9,887	.360	10	25,284	39.1	7
Houston(10)	4,806	20,116	.419	6	40,146	50.1	2
Los Angeles(16)	4,889	19,844	.406	8	65,344	30.4	15
Milwaukee(5)	600	1,150	.192	15	5,115	22.4	17
Minneapolis-St. Paul(18)	3,506	25,223	.719	2	87,071	29.0	16
New York, Westchester, Southern CT/NJ(72)	58,372	226,876	.389	9	588,045	38.6	8
Philadelphia(18)	8,760	31,430	.359	11	68,736	45.7	4
Pittsburgh(14)	4,488	24,368	.543	3	58,377	41.7	6
St. Louis(8)	4,390	11,210	.255	13	34,319	32.7	13
San Francisco(13)	10,733	44,280	.413	7	87,849	50.4	1
Total(263)	$134,943	$525,741	.390		$1,366,917	38.4	

(Numbers in parentheses show the number of companies reporting.)
Metropolitan areas with fewer than five respondents are not listed.

Table XIII
Contributions by Manufacturing Companies, by Size of Worldwide Pretax Net Income and Assets, 1985

Pretax Net Income	% of PTNI		Support of Education as % of Total Contributions	Assets	% of Assets		Support of Education as % of Total Contributions
	Total	Education			Total	Education	
Net Loss(10)			42.8	$100 million under $250 million(12)	.213	.059	27.5
Net Income less than $5 million(2)	15.979	6.290	39.3	$250 million under $500 million(24)	.124	.042	34.1
$ 5 million under $ 10 million(3)	13.151	6.216	47.3	$500 million under $ 1 billion(30)	.140	.041	29.6
$ 10 million under $ 25 million(16)	2.047	.537	26.2	$ 1 billion under $ 2.5 billion(56)	.142	.067	47.0
$ 25 million under $ 50 million(24)	5.117	2.569	50.2	$2.5 billion under $ 5 billion(36)	.119	.040	33.3
$ 50 million under $100 million(27)	2.077	1.149	55.3	$ 5 billion under $ 10 billion(25)	.138	.058	41.7
$100 million under $250 million(56)	1.290	.441	34.2	$ 10 billion and over(27)	.096	.044	46.0
$250 million under $500 million(25)	1.527	.540	35.4				
$500 million under $ 1 billion(27)	1.283	.496	38.6				
$ 1 billion and over(20)	.791	.378	47.8				
All Manufacturing Companies(210)	1.092	.472	43.2	All Manufacturing Companies(210)	.110	.048	43.2

(Numbers in parentheses show the number of companies reporting.)

Chart 2
Comparative Rankings Of Education Support, by Industry, 1985

1 Engineering & Construction 4
2 Electrical Machinery 3
3 Mining 2
4 Textiles & Apparel * 1
5 Business Services 16
6 Petroleum and Gas 11
7 Chemicals 5
ALL MANUFACTURING
8 Telecommunications 20
ALL COMPANIES
9 Paper and Allied Products 7
10 Machinery 6
11 Transportation Equipment 13
12 Primary Metals 22
13 Food, Beverage & Tobacco 12
14 Fabricated Metals 17
14 Printing & Publishing 9
16 Finance 23
17 Rubber 10
18 Utilities 24
19 Banks 18
20 Pharmaceuticals 15
ALL NON MANUFACTURING
21 Transportation 13
22 Insurance 8
23 Merchandising 21
24 Stone, Clay & Glass 19
60 50 40 30 20 10 0 0.1 0.2 0.3 0.4 0.5 0.6 0.7 0.8 0.9 1.0

as a percentage of PTNI and of total contributions for 263 companies headquartered in 17 major cities.

The ranges both of dollar figures and of percentages are large, partially because of the wide variation in the number of companies reporting from each of the locations. Comparisons and rankings among cities, particularly those represented by a very small number of companies, should therefore be approached cautiously. Relationships by geographic location vary from year to year because of changes both in the sample and in business conditions. Thus the relative positions of the various metropolitan areas with respect to PTNI and contributions vary over time.

By Company Size

Table XIII compares the manufacturing companies by size of worldwide pretax net income and assets. More than half of the reporting companies have PTNI greater than $100 million and assets over $1 billion.

In general, there is an inverse relationship between contributions and corporate size. The larger the PTNI or assets of the 210 manufacturing companies reporting these data, the smaller the percentages given for all philanthropic purposes and for support of education.

On the other hand, the importance of education support to total contributions is directly related to the size of the manufacturing companies. The largest companies gave more generously to education as part of their contributions programs than did the smaller companies.

By Industry

For industry comparisons, the most common measures are the proportion of total contributions devoted to education and the ratio of contributions to pretax net income. **Chart 2** ranks the industries first according to education's share of their total contributions and then according to the ratio of education support to the industry's worldwide PTNI.

Table XIV presents these comparisons and also indicates the ratio of education support and total contributions to worldwide assets. The pretax net income of the manufacturing companies is slightly over twice that of the nonmanufacturers, while the assets of the nonmanufacturing companies are twice as large as those of the manufacturers. In 1985, total contributions of manufacturing companies were 2.6 times greater than those of their nonmanufacturing counterparts, while support of education by manufacturers was 4.4 times greater than that of the nonmanufacturers. The manufacturing sector accounted for 81.7 percent of all education support.

Individual Company Data

Tables XV and **XVI** present profiles of the top 25 contributors to education in both the manufacturing and nonmanufacturing sectors. These 50 companies together provided $418.6 million in education support, which was 64.4 percent of the total $650 million reported by all.

Table XIV
Total Contributions and Support of Education in Relation to Worldwide Pretax Net Income and Assets, 1985

Industry	Pretax Net Income (millions)	Assets (millions)	Total Contributions (000)	Support of Education (000)	Total Contributions as % of PTNI	Total Contributions as % of Assets	Support of Education as % of PTNI	Support of Education as % of Assets	Education Support as % of Total Contributions
MANUFACTURING									
Chemicals(26)	$ 9,632	$ 93,021	$ 126,497	$ 57,643	1.313	.136	.598	.062	45.6
Electrical Machinery(30)	21,557	163,078	279,751	161,318	1.298	.172	.748	.099	57.7
Fabricated Metals(9)	602	5,598	5,670	1,765	.942	.101	.293	.032	31.1
Food, Beverage & Tobacco(21)	11,419	85,060	125,454	39,837	1.099	.147	.349	.047	31.8
Machinery(18)	1,742	25,722	24,282	8,557	1.394	.094	.491	.033	35.2
Mining(3)	168	3,179	2,832	1,555	1.688	.089	.927	.049	54.9
Paper & Allied Products(14)	1,816	34,457	22,335	8,176	1.230	.065	.450	.024	36.6
Petroleum & Gas(19)	37,042	378,049	282,005	131,792	.761	.075	.356	.035	46.7
Pharmaceuticals(11)	6,110	32,735	74,989	19,182	1.227	.229	.314	.059	25.6
Primary Metals(13)	2,105	27,885	11,742	3,930	.558	.042	.187	.014	33.4
Printing & Publishing(10)	1,789	10,465	21,819	6,779	1.220	.208	.379	.065	31.1
Rubber(3)	556	9,604	6,923	1,991	1.246	.072	.358	.021	28.8
Stone, Clay & Glass(6)	750	9,533	14,204	2,062	1.895	.149	.275	.022	14.5
Textiles & Apparel(2)	56	2,922	3,424	1,802	6.162	.117	3.243	.062	52.6
Transportation Equipment(15)	15,432	154,642	153,068	52,594	.992	.099	.341	.034	34.4
Total(200)	$110,774	$1,035,951	$1,154,096	$498,982	1.043	.111	.450	.048	43.2
NONMANUFACTURING									
Banks(58)	$ 8,804	$1,041,072	$ 97,822	$ 25,234	1.111	.009	.287	.002	25.8
Business Services(6)	1,188	13,653	7,709	3,644	.649	.056	.307	.027	47.3
Engineering & Construction(3)	201	6,140	2,414	1,406	1.203	.039	.701	.023	58.2
Finance(4)	1,443	122,942	6,630	2,026	.459	.005	.140	.002	30.6
Insurance(39)	5,471*	499,990	115,240	21,455	2.106	.023	.392	.004	18.6
Merchandising(19)	5,232	119,740	74,480	11,834	1.423	.062	.226	.010	15.9
Telecommunications(8)	10,902	128,844	75,357	29,757	.691	.058	.273	.023	39.4
Transportation(8)	495	11,031	8,190	1,689	1.653	.074	.341	.015	20.6
Utilities(51)	17,591	226,168	55,154	14,350	.314	.024	.082	.006	26.0
Total(196)	$ 51,328	$2,169,581	$ 442,997	$111,394	.863	.020	.217	.005	25.1
GRAND TOTAL(396)	$162,102	$3,205,532	$1,597,993	$610,376	.986	.049	.377	.019	38.2
1984 Grand Total(369)	$149,493	$2,489,922	$1,389,387	$540,212	.929	.056	.361	.022	38.9

(Numbers in parentheses show the number of companies reporting.)

*Insurance company figures are based on "net gain from operations after dividends to policyholders and before federal income tax, excluding capital gains and losses"—the closest measure to pretax net income of corporations generally.

Table XV
Top 25 Manufacturing Companies Ranked by Education Support

Company Rank	Corporate Contributions (thousands of dollars)		Educational Support as a Percentage of Total Contributions	Corporate Pretax Net Income (millions of dollars)	Contributions as a Percentage of Corporate Pretax Net Income	
	Education	Total			Education	Total
1	60,000	104,900	57.2	11,619	.516	.903
2	32,105	60,063	53.4	9,529	.337	.630
3	28,620	87,694	32.6	4,621	.619	1.898
4	20,739	25,394	81.7	758	2.736	3.350
5	18,500	27,200	68.0	3,621	.511	.751
6	16,589	34,771	47.7	3,562	.466	.976
7	14,905	31,102	47.9	4,808	.310	.647
8	13,186	20,026	65.8	2,732	.483	.733
9	12,510	40,802	30.7	445	2.811	9.169
10	12,073	23,678	51.0	3,811	.317	.621
11	11,657	12,183	95.7	36	32.381	33.842
12	11,362	29,423	38.6	1,854	.613	1.587
13	11,058	25,207	43.9	1,097	1.008	2.298
14	8,933	16,750	53.3	876	1.020	1.912
15	8,359	19,925	42.0	4,309	.194	.462
16	8,197	9,033	90.7	80	10.246	11.291
17	7,695	16,139	47.7	1,004	.766	1.607
18	7,677	15,545	49.4	530	1.448	2.933
19	5,942	8,574	69.3	1,773	.335	.484
20	5,608	10,492	53.4	797	.704	1.316
21	5,416	11,809	45.9	1,083	.500	1.090
22	5,408	9,515	56.8	431	1.255	2.208
23	5,341	5,999	89.0	79	6.761	7.594
24	5,108	10,444	48.9	(20)	*	*
25	4,845	12,818	37.8	(201)	*	*
Total	341,833	669,486	51.1	59,234	.577	1.130

*Company showed loss

Table XVI
Top 25 Nonmanufacturing Companies Ranked by Education Support

Company Rank	Corporate Contributions (thousands of dollars)		Educational Support as a Percentage of Total Contributions	Corporate Pretax Net Income (millions of dollars)	Contributions as a Percentage of Corporate Pretax Net Income	
	Education	Total			Education	Total
1	21,111	38,215	55.2	2,546	.829	1.501
2	6,836	18,375	37.2	N.A.	—	—
3	5,667	23,228	24.4	1,654	.343	1.404
4	3,123	51,776	6.0	438	.714	11.821
5	2,843	8,031	35.4	442	.644	1.818
6	2,828	6,603	42.8	526	.538	1.255
7	2,686	9,700	27.7	1,651	.163	.588
8	2,582	7,500	34.4	855	.302	.877
9	2,398	7,583	31.6	427	.562	1.777
10	2,382	9,075	26.2	1,716	.139	.529
11	2,366	3,977	59.4	468	.506	.851
12	2,262	7,795	29.0	898	.252	.868
13	2,200	10,551	20.9	1,891	.116	.558
14	2,137	9,863	21.7	329	.649	2.997
15	1,874	6,742	27.8	1,739	.108	.388
16	1,752	5,032	34.8	24	7.330	20.967
17	1,665	3,807	43.7	307	.543	1.240
18	1,509	4,918	30.7	495	.305	.994
19	1,450	9,723	14.9	683	.212	1.424
20	1,327	4,293	30.9	104	1.276	4.128
21	1,237	3,251	38.1	943	.131	.345
22	1,157	5,015	23.1	1,683	.069	.298
23	1,145	4,495	25.4	434	.264	1.036
24	1,136	1,566	72.5	115	.988	1.362
25	1,129	6,332	17.8	195	.579	3.248
Total	76,802	267,446	28.7	20,563	.374	1.301

N.A. Not available

Appendix

Problems of Measuring Total Corporate Contributions

At the present time the only nationwide data on total corporate philanthropy in the United States are those tabulated by the Internal Revenue Service (IRS) from the corporate income tax returns filed each year. In some instances these figures include monies that were not actually paid to donees in that year, and in other cases they do not include all of the contributions dollars received by charitable organizations in the year.

Although the magnitude of the differences between the IRS figures and actual contributions is not now known, this survey is collecting data that may make future estimates possible. It is already evident that the differences are significant and that they vary from year to year, depending on business conditions, earnings on the assets of corporate foundations, tax regulations and other elements. Four factors contribute to the differences.

1. The figures reported by corporations on their income tax returns *include* contributions to company-sponsored foundations but *exclude* the gifts and grants made by these foundations. Company foundations were established primarily to insulate the flow of contributions from the ups and downs of the business cycle. Typically, therefore, the amounts given by a company to its foundation in a prosperous year will exceed the contributions made by that foundation, thus enabling the foundation to add to its reserve against leaner times. The IRS figures in this year will overstate the amounts actually given to donees. Conversely, in depressed times when company payments either slow or stop completely, the foundation will draw upon its reserves to maintain the level of its contributions program. The IRS figures for these years will understate actual gifts.

2. The tax code allows for carryovers of contributions from past years and into the future, thus distorting reported amounts of gifts and grants. The tax code provides that certain exclusions and deductions, not ordinarily recognized by generally accepted accounting principles, may be used by corporations in calculating their taxable income. These provisions can result in taxable income that is significantly lower than pretax net income. The code also provides that up to 10 percent of taxable income can be deducted for charitable contributions for taxable years starting after December 31, 1981. Anytime contributions exceed this allowable percentage, the excess contributions can be carried into the following years (Section 170(d) (2)). An unknown portion of the amount reported by corporations to the IRS *includes* excesses from previous years and *excludes* amounts paid during the current year that are being carried forward.

3. Many companies use the right to "prepay" contributions, as provided in Section 170(a) (2) of the tax code. Under certain circumstances contributions made in the first two and a half months of a year may be taken as a deduction from the prior year's income. An undetermined amount of the contributions reported to the IRS includes funds that were actually disbursed in the following year.

4. Special provisions allow mutual insurance companies, mutual savings banks, savings and loan associations and similar corporations to compute income taxes without reference to charitable contributions. These companies do not have to report their contributions when filing their tax returns. The size of these omissions is not known, but their effect is to cause the IRS figures to understate contributions.

It is clear therefore that the amount actually received by charitable organizations in any given year will differ from the amount tabulated by the IRS from corporate income tax returns for that year.

Definitions: Contributions

Because of the problems with IRS contributions data outlined above, this report contains figures with different bases. The national contributions totals in Table I are from the IRS; all other figures on total contributions and support of education are based on figures reported by the respondents and *include* gifts and grants made by their company-sponsored foundations, as well as contributions made directly by the companies themselves, but *exclude* payments by the companies into their foundations. Most of these figures are for payments actually made during the year and exclude any carryovers or prepayments reported for income tax purposes.

Definitions: Financial Data

The information regarding assets and pretax net income is what the survey respondents reported in their consolidated financial statements. It includes dollars derived from overseas sources as well as from domestic operations. The data for companies without international operations are included in the "worldwide" figures. A number of companies, however, expressed an interest in information related only to operations in the United States since most contributions are limited to institutions in this country. A few comparisons are made using these domestic data, although worldwide figures are used in most of the analyses. The Conference Board's *Annual Survey of Corporate Contributions* includes additional tables with detailed comparisons of "U.S. Only" data.

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